

Message Text

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ACTION EB-07

INFO OCT-01 EA-07 NEA-10 ISO-00 FEA-01 ERDA-05 AID-05

CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00 FPC-01 H-02

INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04

USIA-06 SAM-01 OES-06 SP-02 SS-15 STR-04 TRSE-00

ACDA-07 PA-01 PRS-01 /109 W
----- 115098

R 221015Z JUL 76

FM AMEMBASY DACCA
TO SECSTATE WASHDC 1430
INFO AMEMBASSY NEW DELHI
AMEMBASSY RANGOON

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EO 11652: N/A

TAGS: ENRG, BG

SUBJ: OFFSHORE OIL EXPLORATION: NO OIL FOUND

1. THE FIRST SEASON OF OFFSHORE OIL EXPLORATION IN BANGLADESH TERRITORIAL WATERS ENDED WITH ONSET OF THE MONSOON. FOREIGN CONTRACTING COMPANIES DRILLED FOUR WELLS; NO OIL WAS FOUND.

2. SIX FOREIGN FIRMS SIGNED CONTRACTS WITH BANGLADESH IN LATE 1974 TO EXPLORE FOR OIL IN CONCESSION AREAS IN THE BAY OF BENGAL. THE FIRST DRILLING SEASON (NOVEMBER 1975 TO MAY 1976) ENDED WITH THE GENERAL POSITION AS FOLLOWS:

A. ATLANTIC RICHFIELD (US) DRILLED ONE DRY HOLE, AND HAS SUBSEQUENTLY REDUCED ITS LARGE RESIDENT STAFF TO BARE MINIMUM. THE DEPARTURE, AMONG OTHERS, OF SOME FIVE GEOPHYSICISTS (WHO WOULD BE NEEDED TO SELECTED A SITE) SUGGESTS THAT THE COMPANY MAY DECIDE NOT DRILL A SECOND WELL NEXT SEASON.

B. ASHLAND (US) IS STILL DOING SEISMIC WORK, AND MAY DECIDE TO DRILL A WELL NEXT SEASON.

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C. UNION OIL COMPANY (US) BEGAN A WELL IN MARCH, BUT HAD TO

CEASE DRILLING BECUASE THE RIG WAS NOT SUITED TO THE CONDITIONS ON THE OCEAN FLOOR. THE COMPANY EXPECTS TO DRILL A WELL NEXT SEASON.

D. CANADIAN SUPERIOR (CANADA), WHICH HAS NOT DRILLED A WELL, HAS NOW DECIDED TO PULL OUT, PAY THE NECESSARY PENALTIES UNDER THE CONTRACT.

E. BENGAL OIL COMPANY (JAPAN) DRILLED TWO HOLES, ONE OF WHICH CONTAINED SLIGHT TRACES OF GAS. THE STAFF HERE HAS SINCE BEEN REDUCED FROM ABOUT TWO DOZEN TO THREE AND THE NEW MANAGER WILL BE RESIDENT IN TOKYO, VISITING DACCA ONLY FIVE OR SIX TIMES A YEAR, SUGGESTING THAT THE COMPANY MAY DECIDE NOT TO DRILL ANOTHER WELL.

F. INA NAPHTHALIN (YUGOSLAV) DRILLED ONE WELL TO 13,419 FEET, ENCOUNTERING SIGNIFICANT QUANTITIES OF GAS. VER HIGH PRESSURES FORCED THE COMPANY TO STOP DRILLING AT THAT DEPTH. THE COMPANY IS UNDERSTOOD TO BE ENCOURAGED AN MAY DRILL A SECOND WELL NEXT SEASON.

3. SCORECARD. THERE HAVE NOW BEEN SEVEN WELLS DRILLED ONSHORE IN BANGLADESH, FIVE OFF THE COAST (ONE BY SHELL EARLIER), A DOZEN OR SO IN BURMESE WATERS, OF WHICH PERHAPS TWO WOULD BE OFF THE ARAKAN COAST, AND TWO MORE BY THE NATOMAS GROUP IN INDIAN WATERS OFF THE COAST OF WEST BENGAL. SO FAR AS WE ARE AWARE, ALL OF THESE WELLS HAVE BEEN DRY. PERHAPS THE MOST PROMOSING IS THE ONSHORE WELL AT BEGUMGANJ (BANGLADESH), BEING DRILLED WITH SOVIET ASSISTANCE, WHERE, WE UNDERSTAND, GAS WITH POSSIBLE TRACES OF DISTILLATES HAS BEEN FOUND. IN SUM, NO OIL HAS YET BEEN FOUND ON-SHORE OR OFF-SHORE IN BANGLADESH.
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